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CONNECTICUT ASSOCIATION OF
REALTORS® INC.

Statement on

**H. B. 6449: AN ACT EXEMPTING NEW HOME BUILDERS' EMPLOYEES FROM REAL ESTATE
LICENSING REQUIREMENTS . . . OPPOSE**

Submitted to Insurance and Real Estate Committee
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by

Linda St. Peter
President of Connecticut Association of REALTORS®

Good afternoon, my name is Linda St. Peter and I'm the President of the Connecticut Association of REALTORS®. Our 18,000 members are engaged in all phases of the real estate business, from commercial brokerage and property management to residential sales.

I'm here today to ask you to oppose House Bill 6449: An Act Exempting New Home Builders' Employees from Real Estate Licensing Requirements.

We have had long discussions with leaders of the Home Builders Association of Connecticut concerning their desire for this bill, but we respectfully disagree with their views. Since my time here is restricted to three minutes, I'll set the stage by quickly explaining what is required under current law and what would happen under the exemptions proposed by the Home Builders.

Connecticut law now says that you are engaging in the real estate business - - and therefore need a real estate broker's or salesperson's license - - if you are acting for another and for a fee (or other valuable consideration) in a variety of activities associated with the buying or selling of property (Sections 20-311 and 20-312 of the statutes). Currently there are some very narrow exemptions, including owners selling or leasing their own property. This exemption applies to a builder who is an owner. It also includes the builder's "regular employees *who are employed as on-site residential superintendents or custodians*, with respect to the property" owned by the builder when the employees are acting in the regular course of, or incident to, the management of, or investment in, that property.

The Home Builders seek a far wider exemption from the license law in this bill - - and even in the "re-written" language they have drafted. They would allow any regular employee of a new home construction contractor to show property, host open houses, answer questions from consumers about the

listing, title, and financing, and possibly discuss or explain a contract. These are all things that even "personal assistant" to a real estate broker are prohibited from doing -- unless the assistant is licensed!

True, the employees would have to work for new home construction contractor registered with the Consumer Protection Department. But this fails to take into account the fundamental differences between a license and a registration. A registration may be had simply by filing out a form and paying the applicable fee. There is no education requirement, no testing requirement, no continuing education requirement, and no renewal requirements that must be met aside from paying a renewal fee. Changing the exemption would mean that anyone who filled out a form and paid a registration fee as a new home construction contractor could then have their untrained, unlicensed employees -- unknown to the Department, unidentified to the public, and unregulated by the Department -- deal with the public in one of the most important purchases a family ever makes.

By way of contrast, a real estate licensee must complete 60 hours of training in courses approved by the Connecticut Real Estate Commission as well as pass an examination approved by the State. A licensed salesperson can only practice under the oversight of a licensed real estate broker, whose qualifications are significantly more rigorous. There are a whole set of license law standards and regulations designed to protect the homebuying and selling public from misconduct -- policed by an active Real Estate Commission that can initiate investigations on its own motion.

These detailed licensing rules -- ranging from the handling of deposit money to bans on racial steering and blockbusting -- are not part of the new home construction contractor registration system. And aggrieved consumers have far less recourse in dealing with registered contractors, aside from hiring an attorney and bringing a lawsuit, since the Real Estate Commission has no jurisdiction over such registrants.

For the protection of the public, we urge this Committee not to report House Bill 6449 or the variation under consideration. I'll be happy to answer any questions.

Thank you.